



U.S. Department  
of Transportation

**Pipeline and  
Hazardous Materials Safety  
Administration**

233 Peachtree Street Ste. 600  
Atlanta, GA 30303

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 11, 2007

Mr. John H. Warren  
Vice-President of Operations  
Lion Oil Trading & Transportation, Inc.  
1001 School Street  
El Dorado, Arkansas 71730

**CPF 2-2007-6002W**

Dear Mr. Warren:

On July 11 -13, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Integrity Management Program (IMP) in El Dorado, Arkansas.

As a result of the inspection, it appears that you have committed probable violations of Part 195 Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. **§195.452(f) What are the elements of an integrity management program? (3) An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure.**

Lion Oil did not have documentation of the numbers used in its risk model for ranking the pipeline segments in the baseline plan.

2. **§195.452(h) What actions must an operator take to address integrity issues? (1) General requirements. An operator must take prompt action to address all anomalous conditions that the operator discovers through the integrity assessment or information analysis.**

The company performed an integrity assessment on a 7 mile segment of 10" pipeline which was out of service and located in Jefferson County, Texas. The segment is part

of the Paline System operating in Texas. Records indicated that all anomalies known to be immediate, 60-day, and 180-day conditions as noted in the IMP rule were removed. However, no dates were documented for discovery. This information would be significant for future integrity assessment of the pipeline and consideration of operating service for the segment. The segment remains out of service and has never operated in service after it was purchased in 1989.

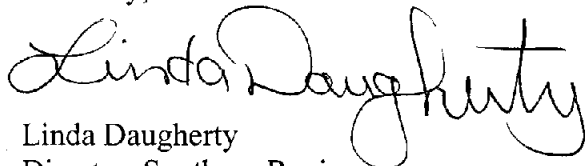
**3. §195.452(f)(8) What are the elements of an integrity management program? (8) A process for review of integrity assessment results and information analysis by a person qualified to evaluate the results and information.**

The company did not have documentation on the qualifications of individuals that review and evaluate assessment results.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violations persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Be advised that failure to do so will result in Lion Oil being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2007-6002W**.

Sincerely,

A handwritten signature in cursive script that reads "Linda Daugherty".

Linda Daugherty  
Director, Southern Region  
Pipeline and Hazardous Materials Safety Administration